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C O N F I D E N T I A L SECTION 01 OF 06 BONN 12288

E.O. 11652: XGDS-1
TAGS: PGOV BQG
SUBJECT: INNER-GERMAN NEGOTIATIONS: PRESENT STATUS AND
PROSPECTS

REFS: (A) USBER 1371 (NOTAL); (B) BERLIN 3634 (NOTAL);
(C) 75 USBER 291 (NOTAL);
(D) BONN 1165 AND PREVIOUS (NOTAL);
(E) BONN 11356 (NOTAL)

SUMMARY. AFTER A LONG COOL SPELL IN THEIR BILATERAL
RELATIONS, THE TWO GERMAN STATES HAVE RECENTLY BEGUN
NEGOTIATIONS ON A VARIETY OF ISSUES OF PARTICULAR
INTEREST TO THE FRG. FRG OBSERVERS WITH WHOM WE HAVE
TALKED CONSIDER THIS A DIRECT RESULT OF THE BREZHNEV
VISIT. THE FRG MOTIVES APPEAR TO BE INTER ALIA TO
BENEFIT BERLIN AND TIE THE GDR IN A CONTINUING
DIALOGUE FOR A NUMBER OF YEARS. THE PRIMARY GDR MOTIVE
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IS DESCRIBED HERE SIMPLY AS MONEY AND THE POTENTIAL ECONOMIC
BENEFIT TO THE GDR IS LARGE, ONE BILLION DOLLARS OR MORE.
A VARIETY OF MOTIVES ARE ATTRIBUTED TO THE SOVIETS,
INCLUDING A POSSIBLE DESIRE TO MAINTAIN A CALM SITUATION
IN CENTRAL EUROPE FOR THE FORESEEABLE FUTURE.

BOTH SIDES APPEAR COMMITTED TO A SUCCESSFUL OUTCOME OF

THE NEGOTIATIONS. WHETHER THE FRG WILL BE ABLE TO PROCEED TO A NEW, CLOSER RELATIONSHIP WITH THE GDR OVER THE LONGTERM WILL DEPEND ON A VARIETY OF FACTORS -- NOT LEAST WHETHER THE TWO SIDES WILL BE ABLE TO COMPROMISE ON A NUMBER OF FUNDAMENTAL POLITICAL ISSUES.

THERE FOLLOWS OUR ASSESSMENT OF THE PRESENT SITUATION IN FRG/GDR RELATIONS AND THEIR PROSPECTS. END SUMMARY.

BACKGROUND

1. IN THE FIRST HALF OF LAST YEAR, THE FRG UNDERTOOK TO GIVE NEW IMPETUS TO THE PACE OF FRG/GDR NEGOTIATIONS, WHICH HAD BEEN STALLED FOR OVER A YEAR. THIS EFFORT HAD ONLY MODEST SUCCESS AND, OF THE 84 POINTS WHICH THE FRG CONSIDERED FOR NEGOTIATION (OF WHICH LESS THAN HALF SURVIVED THE INTERNAL FRG WINNOWING PROCESS AND REMAINED "PRIORITY" ITEMS), ONLY A FEW SHOWED REAL HOPE OF SUCCESS: MINOR AUTOBAHN IMPROVEMENTS, SPANDAU LOCK, CONCLUDING THE WORK OF THE BORDER COMMISSION AND A VETERINARY AGREEMENT.

2. THE RELATIONSHIP BETWEEN THE TWO GERMAN STATES PROCEEDED AT A GUARDED PACE DURING 1977 THROUGH THE FIRST HALF OF 1978. THERE WAS AN ABSENCE OF THE KIND OF TENSION PRODUCED IN 1976 BY THE SHOOTINGS ON THE BORDER

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(WE ARE INFORMED THAT GDR BORDER GUARDS NOW HAVE ORDERS NOT TO SHOOT IF A REFUGEE IS ABOUT TO REACH THE WEST OR IF THE BULLETS WOULD LAND ON FRG SOIL); THE GDR HINDRANCES ON THE AUTOBAHN IN LATE 1977 AND EARLY 1978, IN AN EFFORT TO CURB EXFILTRATION, STOPPED AFTER THE FRG SOUGHT TO ENFORCE ITS LAWS MORE STRICTLY AND INFORMED THE GDR OF THIS FACT. NONETHELESS, THERE WAS LITTLE ASSURANCE DURING THE FIRST MONTHS OF 1978 OF GREATER PROGRESS IN FRG/GDR NEGOTIATIONS AND THE FRG BECAME NERVOUS ABOUT WHETHER THE GDR WOULD FULFILL ITS PROMISE TO COMMENCE NEGOTIATIONS IN 1978 ON THE NORTHERN AUTOBAHN. THE GDR HINTED THAT THE SOVIETS WERE HOLDING IT BACK.

3. THE FRG SAW THE BREZHNEV VISIT TO THE FRG AS AN OPPORTUNITY TO ENLIST SOVIET SUPPORT FOR (OR ACCEPTANCE OF) AN IMPROVEMENT IN FRG/GDR RELATIONS AND VISIBLE PROGRESS ON CONCRETE SUBJECTS WHICH THE FRG WOULD LIKE TO NEGOTIATE. TO A DEGREE, THE FRG'S "GUARDED OPTIMISM" HAS BEEN REWARDED AND NEGOTIATIONS HAVE BEGUN IN SEVERAL AREAS.

4. IN AN ATTEMPT TO GAIN SOME PERSPECTIVE TO THE CURRENT
PHASE OF NEGOTIATIONS, EMBASSY OFFICERS HAVE DISCUSSED

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THIS SUBJECT WITH A NUMBER OF FRG OFFICIALS, INCLUDING
BRAEUTIGAM AND STERN OF THE CHANCELLERY, LUECKING AND
VON RICHTHOFEN OF THE FOREIGN OFFICE AND WEICHERT OF THE
MINISTRY OF INNER-GERMAN AFFAIRS. THERE FOLLOWS OUR
CURRENT ANALYSIS OF THE SITUATION BASED ON THESE AND
OTHER CONVERSATIONS. SINCE WE HAVE REPORTED PREVIOUSLY
ON THE DETAILS OF THE NEGOTIATIONS, THESE DETAILS WILL
NOT BE REPEATED EXCEPT AS NECESSARY.

THE SOVIET CONNECTION

5. THE VIEW OF THOSE WITH WHOM WE HAVE SPOKEN IS THAT
THE PRESENT NEGOTIATIONS ARE A DIRECT RESULT OF THE
BREZHNEV VISIT. THE TOPICS BEING NEGOTIATED WERE
DISCUSSED WITH THE SOVIETS DURING THAT VISIT AND
ABRASIMOV, IN HIS LUNCH WITH STOBBE (REF A), GAVE THE
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FIRST CLEAR INDICATION THAT NEGOTIATIONS WOULD BEGIN. THIS WAS IN CONTRAST TO HONECKER'S MAY 24 SPEECH (REF B) IN WHICH HONECKER SUGGESTED THAT THE CLIMATE WAS NOT YET RIPE FOR RESOLVING BILATERAL ISSUES. ABRASIMOV MENTIONED THE NORTHERN AUTOBAHN AND, MOST SURPRISINGLY, THE TELTOW CANAL. NEGOTIATIONS ON THE LATTER EFFECTIVELY STOPPED IN 1976 AND THE GDR SAID IT WOULD BE A VIOLATION OF THE WA FOR THE FRG TO NEGOTIATE THE SUBJECT WITH THE GDR; ONLY THE BERLIN SENAT COULD DO SO (REF C).

6. GAUS MET WITH HONECKER, AT THE LATTER'S INVITATION, ON JUNE 13 AND HONECKER SUGGESTED A MEANS OF PROVIDING THE DESIRED FRG COVER TO THE CANAL NEGOTIATIONS (REF D). HE ALSO INDICATED THAT THE GDR WOULD BE PREPARED TO PERMIT THE FRG TO PROVIDE CONSULAR SERVICES TO WEST BERLINERS NOT IN THE GDR (FERNBETREUUNG). THE VIEW OF THOSE WITH WHOM WE HAVE DISCUSSED THE SUBJECT IN BONN IS THAT THE SOVIETS PUSHED THE GDR TO AGREE TO THE TELTOW CANAL SOLUTION AND PERHAPS FERNBETREUUNG AND REMOVED THE OBSTACLE FROM THE AUTOBAHN NEGOTIATIONS.

7. IN SUPPORT OF THE IMPORTANCE GIVEN TO THE SOVIET ROLE BY FRG OBSERVERS, WEICHERT HAS OBSERVED THAT PRIOR TO THE GROMYKO VISIT TO EAST BERLIN, THERE WAS NO AUTHORITATIVE GDR VIEW EXPRESSED ON BREZHNEV'S VISIT. SINCE THAT TIME, HOWEVER, THE GDR HAS REACTED QUITE POSITIVELY.

THE JUNE 16 AUTOBAHN HINDRANCES AND THE ABRASIMOV INTERVIEW

8. THESE EVENTS MAR WHAT OBSERVERS HERE OTHERWISE SEE AS A GENERALLY POSITIVE PICTURE. BOTH, HOWEVER, ARE CONFIDENTIAL

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EXPLAINED (IN PART) AWAY AND NEITHER ARE SEEN AS HAVING A NEGATIVE EFFECT ON THE OVER-ALL STATE OF FRG/GDR RELATIONS.

9. REGARDING THE AUTOBAHN HINDRANCES, ONLY THREE OUT OF SOME 25 BUSES WERE TURNED BACK AND BOTH THE GDR AND ABRASIMOV HAVE CLAIMED THERE WERE GROUNDS UNDER THE TERMS OF THE TRANSIT AND TRAFFIC AGREEMENT (TTA) TO JUSTIFY THE TURNBACKS, RATHER THAN ASSERTING THE BROADER CLAIM THAT ANTI-GDR EVENTS IN WEST BERLIN PROVIDED ADEQUATE

BASIS FOR SUCH ACTION. AS TO WHY THE GDR TOOK ACTION THIS YEAR (WHEN NONE WAS EXPECTED) RATHER THAN LAST YEAR (WHEN IT WAS, BUT DID NOT HAPPEN), THE FACT THAT THIS WAS THE 25TH ANNIVERSARY OF THE 1953 UPRISING IS A COMMON EXPLANATION. IN ADDITION, VON RICHTHOFEN SAYS THAT GROMYKO APPARENTLY EMPHASIZED, PERHAPS EXCESSIVELY, TO THE GDR THE FRG STATEMENTS ON GERMAN UNITY -- A PARTICULARLY SENSITIVE NERVE IN THE GDR. SINCE JUNE 17 IS THE DAY OF GERMAN UNITY, THE ACTION ON THE AUTOBAHN CAN BE SEEN AS THE GDR RESPONSE. FINALLY, AND PERHAPS MOST IMPORTANT, THE GDR HAS NOT ALLOWED THE JUNE 17 ACTIVITIES IN BERLIN TO INTERFERE WITH THE PACE OF NEGOTIATIONS NOR DOES IT APPEAR THAT NIER'S COMPLAINTS TO GAUS WERE PARTICULARLY STRONG.

10. (WE HAVE PURSUED THE THEORY THAT THE SOVIETS GIVE THE GDR A FREER HAND IN SUCH MATTERS WHEN THINGS ARE OTHERWISE CALM THAN WHEN THERE ARE A NUMBER OF CONTENTIOUS POINTS BUT OUR INTERLOCUTORS TEND TO DOWN-PLAY THIS THEORY AS AN EXPLANATION FOR THE JUNE 16 TURNBACKS.)

11. THE ABRASIMOV INTERVIEW RECEIVED CONSIDERABLE PUBLIC ATTENTION HERE WHEN IT APPEARED BUT THOSE WITH WHOM WE HAVE SPOKEN ARE NOT PARTICULARLY CONCERNED ABOUT

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IT. THE REACTION IS THAT ABRASIMOV, IN REPLY TO THE
QUESTIONS ASKED, HAD TO TAKE THE LINE HE DID AND THAT
THIS IS PROBABLY THE SOVIET WAY OF KEEPING ALL OPTIONS
OPEN -- IT AND THE GDR CAN RETURN TO A HARD LINE IN
PRACTICE IF DESIRABLE.

THE MOTIVES

12. THE GDR MOTIVE IS GENERALLY SUMMED UP HERE IN ONE WORD:
MONEY. THE TOTAL SIZE OF THE FINANCIAL BENEFIT LIKELY
TO ACCRUE TO THE GDR IF EVERYTHING IS SUCCESSFULLY
NEGOTIATED IS DIFFICULT TO ESTIMATE, BUT IT
COULD BE IN EXCESS OF \$1 BILLION. BRAEUTIGAM SAYS THAT
THE GDR SEEMS IN A HURRY TO CONCLUDE THE NEGOTIATIONS
BY THE END OF THE YEAR, PROBABLY BECAUSE IT MUST PROCEED
IN THE COMING YEAR WITH THE PREPARATION OF THE NEXT FIVE-
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YEAR PLAN. TO THIS END, THE GDR NEEDS TO KNOW WHAT
INCOME IT WILL HAVE AND THE AMOUNT OF RESOURCES IT MUST
DEVOTE TO CONSTRUCTION TASKS.

13. THE SOVIET MOTIVE IS LESS CLEAR AND A VARIETY OF
EXPLANATIONS ARE GIVEN. ON A WORLDWIDE POLITICAL SCALE,
THERE HAS BEEN MENTIONED A POSSIBLE SOVIET DESIRE TO
MAINTAIN GOOD RELATIONS WITH THE FRG AT A TIME WHEN
RELATIONS WITH THE US ARE UNCERTAIN, NOT LEAST IN THE
HOPE OF KEEPING DETENTE VIABLE. SOMEWHAT RELATED IS A
PUTATIVE SOVIET WISH TO MAINTAIN A QUIET SITUATION IN
CENTRAL EUROPE AND A BELIEF THAT THIS CAN BE BEST
ACHIEVED BY FRIENDLIER FRG/GDR RELATIONS AND AN INFUSION
OF MONEY INTO THE GDR TO SATISFY THE LOCAL POPULATION'S
DEMANDS. IT IS RECOGNIZED THAT THESE DEMANDS PROBABLY
CANNOT BE MET INDEFINITELY, ESPECIALLY SINCE THE FACT
THAT THE GDR'S STANDARD OF LIVING IS THE HIGHEST IN THE
BLOC IS A CAUSE OF JEALOUSY. ONE VIEW EXPRESSED IS
THAT THE SOVIETS MAY HOPE AT LEAST TO BUY TIME AND MAIN-
TAIN CALM UNTIL THE BREZHNEV SUCCESSION PROBLEM HAS BEEN

SOLVED.

14. THE USSR MAY ALSO HOPE TO GAIN BETTER CONTROL OVER THE TRANSFER OF HARD CURRENCY FROM THE FRG TO THE GDR. IT CAN DO THIS IF IT KNOWS THAT THE FRG IS PAYING FIXED SUMS FOR SPECIFIED PROJECTS, BUT FINDS IT MORE DIFFICULT TO DO SO IF FUNDS ARE TRANSMITTED PRIVATELY AND ARE USED IN INTERSHOPS. VON RICHTHOFEN SAYS THAT A SOVIET DIPLOMAT FORMERLY STATIONED IN WEST BERLIN, NOW BACK IN MOSCOW, RECENTLY TOLD AN FRG CONTACT THAT THE SOVIETS HAD INDICATED TO THE GDR THAT THE INTERSHOPS SHOULD BE REDUCED OR PHASED OUT ONCE THE GDR OBTAINS LARGE SUMS FOR CONSTRUCTION PROJECTS.

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15. FINALLY, IT HAS BEEN SUGGESTED THAT THE SOVIETS CONSIDER THE NORTHERN AUTOBAHN PREFERABLE TO THE PRESENT BERLIN/HAMBURG F-5 SINCE THE FORMER WILL PERMIT LESS CONTACT WITH THE LOCAL POPULATION AND FEWER OPPORTUNITIES FOR THE POPULACE TO BE REMINDED OF THE FRG AND WEST BERLIN STANDARD OF LIVING.

16. WHATEVER THE MOTIVES OF THE SOVIETS AND GDR, AND ALL OF THOSE MENTIONED ABOVE SEEM CREDIBLE, THE GDR AND USSR ARE SEEN TO HAVE PARALLEL INTERESTS WHICH CALL FOR THE SUCCESSFUL OUTCOME OF THE PRESENT NEGOTIATIONS. IT SHOULD BE NOTED, IN THIS CONTEXT, THAT THE SOVIETS DO NOT COMPLETELY TRUST THE EAST GERMANS TO KEEP ANY "INNER-GERMAN" NEGOTIATIONS APOLITICAL. THE SOVIETS HAVE SEVERAL TIMES PRIVATELY AND INFORMALLY WARNED WEST GERMAN OFFICIALS TO COORDINATE THEIR NEGOTIATIONS WITH THE GDR IN MOSCOW. SUCH WARNINGS MAY BE MERELY COVERING ALL BETS, BUT THEY IMPLY DISSATISFACTION WITH EAST GERMANY'S PAST PERFORMANCE. WE HAVE HAD NO INFORMATION THAT SUGGESTS THE FRG IS COMPLYING WITH THE SOVIETS' DESIRES FOR COORDINATION.

17. FOR THE FRG, THE NEGOTIATIONS PROVIDE AN OPPORTUNITY TO DO SOMETHING FOR BERLIN, SHOW THAT THE CONCILIATORY FRG POLICY TOWARD THE GDR CAN BRING CONCRETE RESULTS AND DO SOMETHING FOR LOWER SAXONY OR SCHLESWIG HOLSTEIN, DEPENDING ON WHETHER THE MORE NORTHERLY OR SOUTHERLY OF THE TWO POSSIBLE ROUTES FOR THE NORTHERN AUTOBAHN IS SELECTED.

18. IN A BROADER SENSE, THE FRG HOPES THAT, BY TYING THE TWO GERMAN STATES INTO A CONTINUING RELATIONSHIP FOR SOME YEARS, DURING WHICH THE AUTOBAHN IS BEING BUILT AND OTHER PROJECTS COMPLETED, IT WILL BE POSSIBLE TO

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ACHIEVE WHAT WAS SET AS A GOAL LAST YEAR -- A CONTINUING
DIALOGUE WITH THE GDR. UNDER THESE CIRCUMSTANCES, IT IS
BELIEVED THAT GDR MISTRUST AND APPREHENSION MIGHT BE
ABATED AND CONCRETE IMPROVEMENTS IN THE HUMANITARIAN
FIELD CAN BE ACHIEVED.

THE SUBJECTS OF NEGOTIATION

THE NORTHERN AUTOBAHN

19. THERE ARE MAIN QUESTIONS TO BE RESOLVED: PRICE,
QUALITY AND LOCATION. THE GDR IS EXPECTED TO DRIVE A
HARD BARGAIN ON THE PRICE AND TO CLAIM, AS IT HAS, THAT

THE BENEFITS FROM THE AUTOBAHN, BOTH POLITICALLY AND MATERIALLY, WILL FLOW TO THE FRG. AS A SIDELIGHT, WE ARE TOLD THAT THE FRG WOULD NOT BUILD SUCH AN AUTOBAHN
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IN THE FRG BUT FOR THE BERLIN TERMINUS SINCE THE EXPECTED TRAFFIC DOES NOT JUSTIFY IT. LIKEWISE, WE HAVE HEARD NO FIRM ESTIMATE OF THE COST BUT THE FIGURE OF \$500 MILLION HAS BEEN MENTIONED. THE GDR IS EXPECTED TO BUILD AS CHEAPLY AS POSSIBLE BUT THE FRG WILL SEEK TO ENSURE TOP QUALITY.

20. REGARDING THE LOCATION, WHILE THE NORTHERN ROUTE IS PREFERABLE TO THE FRG ON TECHNICAL GROUNDS (IT WAS PLANNED BEFORE WORLD WAR II; THE SOUTHERN ROUTE IS SWAMPY AND WOULD REQUIRE MORE BRIDGES), IF THE NORTHERN ROUTE IS SELECTED, THE FRG WILL HAVE THE DUAL PROBLEM OF NOT APPEARING TO GIVE IN TO GDR DEMANDS AS WELL AS FINDING A WAY TO MOLLIFY LOWER SAXONY.

THE TELTOW CANAL

21. THIS COMES AS THE BIGGEST SURPRISE IN TERMS OF WHAT THE GDR IS PREPARED TO NEGOTIATE. OTHER THAN A POSSIBLE SOVIET PUSH, THE ONLY REASON WE HAVE HEARD FOR THE GDR ATTITUDE IS THE GDR'S DESIRE TO HAVE THE INNER-GERMAN CANALS REBUILT AT FRG EXPENSE OR FOR THE FRG TO PAY HIGHER TOLLS (REF E). THE TELTOW CANAL IS OF VALUE ONLY IF THE OTHER CANALS ARE AVAILABLE BUT THE FRG APPEARS RELUCTANT TO CONSIDER PAYING FOR IMPROVEMENTS IN THE INNER-GERMAN CANALS IF THE TELTOW CANAL IS UNAVAILABLE. THIS MAKES UNDERSTANDABLE THE GDR WILLINGNESS TO COMPROMISE ITS LEGAL POSITION ON THE TELTOW CANAL.

22. WHILE THE COST OF REOPENING THE TELTOW CANAL WOULD BE MODEST BY COMPARISON, REF (E) REPORTED THAT THE COST OF IMPROVEMENT TO INNER-GERMAN CANALS COULD BE
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SOME \$325 MILLION.

OTHER

23. THE OTHER SUBJECTS OF CURRENT NEGOTIATIONS ARE LESS DRAMATIC AND LESS EXPENSIVE: MINOR AUTOBAHN IMPROVE-

MENTS, BORDER CROSSING POINTS FOR THE NORTHERN AUTOBAHN AND VISITOR TRAFFIC TO THE GDR, NON-COMMERCIAL PAYMENTS, ETC. NONETHELESS, THE GDR'S WILLINGNESS TO MAKE SOME MONEY AVAILABLE FOR THE LATTER (E.G., TRANSMISSION OF INHERITANCE, ETC.) FROM THE GDR TO THE FRG IS SOMETHING THAT WILL HAVE A DIRECT IMPACT ON THOSE FRG CITIZENS AFFECTED.

EFFECT ON THE GDR

24. IT IS DIFFICULT TO OBTAIN A CLEAR ANSWER HERE TO QUESTIONS AS TO WHAT EFFECT THE TALKS MIGHT HAVE ON THE GDR, WHETHER HONECKER HAS BEEN STRENGTHENED, ETC.

25. THE GENERAL HOPE HERE, OF COURSE, IS THAT THE EFFECT ON THE GDR POPULACE WILL BE POSITIVE, THAT THE REGIME WILL BE MORE CONFIDENT (AND LESS RESTRICTIVE) AND THAT OVER-ALL FRG/GDR RELATIONS WILL IMPROVE. AT THE SAME TIME, IT IS RECOGNIZED THAT THERE MAY BE NO NOTICEABLE CHANGE OR THAT SOVIET DISSATISFACTION WITH THE INTERSHOPS COULD RESULT IN THEM BEING ABOLISHED.

26. NO ONE TO WHOM WE HAVE TALKED HAS SUGGESTED THAT HONECKER HAS BEEN STRENGTHENED, ALTHOUGH HIS POLICY TOWARD THE FRG APPEARS TO HAVE BEEN GENERALLY APPROVED BY THE USSR. VON RICHTHOFEN NOTED ONE DETAIL WHICH SUGGESTS HONECKER IS STILL SUBJECT TO THE GDR POLITBURO:

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HONECKER'S COMMENT THAT THE GDR WOULD TREAT THE ROUTE OF THE AUTOBAHN WITH AN OPEN MIND AND EXPLORE THE POSSIBILITY OF A SINGLE CROSSING POINT (REF D) AND KOHL'S LATER "INTERPRETATION," PRESUMABLY AFTER A POLITBURO DECISION, THAT THE NORTHERN ROUTE WAS "PREFERABLE" (READ VIRTUALLY ESSENTIAL) AND THAT SEPARATE BERLIN CROSSING POINTS WOULD BE REQUIRED FOR THE AUTOBAHN AND FOR VISITOR TRAFFIC TO THE GDR (REF F).

LOOKING AHEAD

HUMANITARIAN IMPROVEMENTS

27. WHAT THE FRG WOULD MOST LIKE TO ACHIEVE, AND INTERNAL POLITICAL REASONS PLAY NO SMALL ROLE IN THIS, WOULD BE THE SO-CALLED "HUMANITARIAN IMPROVEMENTS,"
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E.G., LOWERING OF THE AGE AT WHICH GDR RESIDENTS CAN FREELY VISIT THE FRG. THERE SEEMS TO BE LITTLE PROSPECT OF THIS, HOWEVER, UNDER PRESENT CIRCUMSTANCES, BARRING POLITICAL CONCESSIONS FROM THE FRG SIDE. ON THE OTHER HAND, THE FRG HOPES THAT THERE MAY BE SOME SLIGHT IMPROVEMENTS, E.G., AN EXPANSION OF THE CATEGORIES OF THOSE WHO ARE PERMITTED TO VISIT THE FRG FOR URGENT FAMILY REASONS.

FUNDAMENTAL ISSUES

28. THERE APPEARS TO BE LITTLE GIVE ON EITHER SIDE ON FUNDAMENTAL ISSUES, SUCH AS THE QUESTION OF NATIONALITY. FRG OFFICIALS SAY PRIVATELY THAT THE FRG DOES NOT DISPUTE THAT THE GDR HAS CITIZENS (WHILE THIS DOES NOT CHANGE GERMAN NATIONALITY) AND WE HAVE ASKED WHETHER THIS ATTITUDE COULD RESULT IN FRG PUBLIC ACCEPTANCE OF FRG

AND GDR CITIZENSHIP RESPECTIVELY WITHIN A GERMAN NATIONALITY. THE ANSWER IS THAT THIS IS PROBABLY NOT POSSIBLE IN THE FORESEEABLE FUTURE, NOT LEAST BECAUSE OF THE PROBLEM OF THE CITIZENSHIP OF BERLINERS. HOWEVER, WE ARE TOLD THE FRG MAY BE PREPARED TO CONSIDER LIMITED STEPS, SUCH AS SAYING PUBLICLY OR TO THE GDR WHAT THE FRG IN FACT DOES, E.G., NOT OBJECT TO GDR CONSULAR REPRESENTATION ABROAD OF GDR RESIDENTS.

29. BOTH THIS ISSUE AND RELATED ONES SUCH AS THE BORDER QUESTION WILL PROBABLY CONTINUE TO HINDER ANY FUNDAMENTAL CHANGE IN FRG/GDR RELATIONS.

FERNBETREUUNG

30. WHILE THE GDR HAS EXPRESSED WILLINGNESS TO NEGOTIATE
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ON THIS ISSUE, THERE HAS BEEN NO CONCRETE DISCUSSION
AND THE GDR MAY PLAN TO USE IT AS A BARGAINING CHIP.

SCHMIDT/HONECKER MEETING

31. NONE IS CURRENTLY BEING PLANNED AND NO CONCRETE PREPARATIONS ARE UNDERWAY. HONECKER'S EXPRESSED RESERVE ABOUT SUCH A MEETING HAS BEEN ATTRIBUTED TO A POSSIBLE LACK OF POLITBURO SUPPORT BUT IT IS EQUALLY LIKELY THAT THIS IS A DEFENSIVE RESPONSE TO SCHMIDT'S SIMILAR EXPRESSION OF RESERVE. STERN HAS NOTED THAT SCHMIDT HAS TO HAVE SOME MAJOR CONCRETE RESULT TO BRING HOME FROM SUCH A MEETING -- SIGNING EVEN THE AUTOBAHN AGREEMENT IS NOT SUFFICIENTLY ATTRACTIVE POLITICALLY. BY CONTRAST, THE LONG-TERM COOPERATION AGREEMENT SIGNED WITH THE SOVIETS DURING THE BREZHNEV VISIT GIVES THE APPEARANCE OF IMPORTANCE ALTHOUGH IT LACKS IN SUBSTANCE.

CONCLUSION AND PROSPECTS

32. IT IS TOO EARLY TO TELL WHETHER THE CURRENT ACTIVITY IN FRG/GDR NEGOTIATIONS PRESAGES A NEW STAGE IN THE INNER-GERMAN RELATIONSHIP. BOTH SIDES APPEAR COMMITTED TO BRINGING THE CURRENT TALKS TO A SUCCESSFUL CONCLUSION, AND, IF THIS IS DONE, THE RESULT WILL BE A LARGE INFUSION OF MONEY INTO THE GDR AS WELL AS THE NECESSITY TO CONTINUE TO DEAL WITH A NUMBER OF CONCRETE ISSUES.

33. A GREAT DEAL WILL OF COURSE DEPEND ON THE GDR LEADERSHIP AND ITS STAYING POWER. HONECKER HAS BEEN DESCRIBED AS A MAN RIDING THE TIGER OF GDR CONSUMER DEMANDS; IF HE FALLS OFF, THE TIGER WILL DEVOUR HIM.

BY THE SAME TOKEN, THE LONG-TERM EFFECT WILL ALSO
DEPEND ON WHAT PARTY IS IN POWER IN BONN.

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C O N F I D E N T I A L SECTION 06 OF 06 BONN 12288

34. THE OPPOSITION APPEARS ON OCCASION TO BE EVEN MORE
WILLING THAN THE PRESENT GOVERNMENT TO TAP THE PUBLIC
FISC FOR PROJECTS AND PROGRAMS OF BENEFIT TO BERLIN,
EVEN THOUGH A PORTION OF THESE FUNDS (E.G., FOR
CONSTRUCTION PROJECTS) PASS TO THE GDR. THE SPD IS ALSO
COMMITTED, IN PRINCIPLE AT LEAST, TO USING ECONOMIC
MEANS TO KEEP POLITICAL LINES OPEN WITH EAST BERLIN AND
TO SEEK TO EFFECT HUMANITARIAN IMPROVEMENTS IN THE GDR.
NONETHELESS, THE OPPOSITION RHETORIC ABOUT THE GDR IS
HARSHER THAN THAT OF THE PRESENT GOVERNMENT AND, SHOULD

THIS CONTINUE WITH A CDU/CSU GOVERNMENT IN POWER, IT
COULD DISRUPT THE TONE OF THE FRG/GDR RELATIONSHIP, A
TONE WHICH SOMETIMES APPEARS TO BE ALL-IMPORTANT.
BECAUSE OF THE DESIRE TO MAINTAIN AT LEAST TOLERABLE
RELATIONS WITH THE GDR AND EFFECT HUMANITARIAN IMPROVE-
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MENTS, WE CAN ONLY ASSUME THAT THE OPPOSITION, IF IN
POWER, WOULD FIND ITSELF COMPELLED TO MODERATE ITS VOICE
IN ORDER TO ACHIEVE PRACTICAL RESULTS.

35. MUCH DEPENDS, OF COURSE, ON THE WAY GDR ACTIONS
ARE PERCEIVED HERE. AS WE HAVE INDICATED ABOVE, GDR
RESTRAIN IN BORDER SHOOTINGS HAS HAD A (DELIBERATELY)
POSITIVE IMPACT ON GENERAL WEST GERMAN ATTITUDES. ON
THE OTHER HAND, EVENTS LIKE THE BAHRO SENTENCING,
JUDGED HERE AS UNNECESSARILY HARSH, HAVE A PROFOUNDLY
NEGATIVE AFFECT ACROSS THE WHOLE POLITICAL SPECTRUM.
WE ASSUME, HOWEVER, THAT THE GDR IS VERY CONSCIOUS OF
THIS ELEMENT. CERTAINLY, WHAT GDR DIPLOMATS HERE HAVE
TOLD US WOULD LEAD US TO THAT CONCLUSION.

36. EQUALLY IMPORTANT REMAINS THE SOVIET FACTOR. AS
SEEN FROM BONN, THERE IS NO QUESTION BUT THAT THE
SOVIETS ENCOURAGED THE GDR INTO THE PRESENT ROUND OF
NEGOTIATIONS AND THAT THEY DID SO AS PART OF THEIR
GENERAL DESIRE TO IMPROVE THEIR OWN RELATIONS WITH AND
STANDING IN BONN. THIS IS BROUGHT ABOUT TO SOME EXTENT
BY SOVIET UNCERTAINTY ABOUT THE UNITED STATES. WE AS-
SUME, HOWEVER, THAT IT WOULD NOT QUICKLY CHANGE EVEN
IF RELATIONS WITH THE UNITED STATES WERE TO BECOME MORE
CLEAR IN EITHER A POSITIVE OR NEGATIVE DIRECTION.

37. THE VIEW FROM HERE IS THAT THE CURRENT PROSPECT
FOR INNER-GERMAN RELATIONS IS POSITIVE BECAUSE THE FRG,
THE GDR, AND THE SOVIETS WANT CALM ON THE INNER-GERMAN
FRONT. THIS COINCIDENCE OF INTERESTS DOES NOT SEEM
LIKELY TO CHANGE IN THE FORESEEABLE FUTURE.
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